

Message Text

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ACTION EA-14

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TO SECSTATE WASHDC 1162

USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CINCPAC HONOLULU HI

C O N F I D E N T I A L HONG KONG 6858

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, CH

SUBJECT: RED FLAG ANALOGY ON MILITARY BUDGET

REF: HONG KONG A-154

SUMMARY. A RECENT RED FLAG ARTICLE USES HISTORICAL ANALOGY TO HIGHLIGHT CONTROVERSY OVER THE PRC DEFENSE BUDGET AND APPEARS DESIGNED TO PUT AN EARLIER SHANGHAI JOURNAL ARTICLE ON THE SAME THEME IN SHARPER AND PERHAPS DIFFERENT PERSPECTIVE. END SUMMARY.

1. AN ARTICLE ON THE FAMOUR IRON AND SALT DEBATE OF 81 B.C. IN THE MAY ISSUE OF RED FLAG EXPLICITLY DRAWS AN ANALOGY BETWEEN AN HISTORICAL DEBATE OVER DEFENSE SPENDING AGAINST THE HUNS AT THAT TIME AND THE HIGH COST OF DEFENDING AGAINST THE SOVIET UNION TODAY, PROVIDING AN ALMOST UNIQUE PUBLIC AIRING OF PRC CONTROVERSY OVER THE COST OF THE NATIONAL DEFENSE BUDGET. IN CONFIDENTIAL

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RECALLING HISTORICAL DEBATE OVER THE CONTROL OF THE SALT AND

IRON INDUSTRIES AS A GUIDE FOR UNDERSTANDING LIN PIAO'S OBJECTIVES, THE ARTICLE APPEARS TO ARGUE BY ANALOGY THAT A LOYAL IMPERIAL CENSOR, RESEMBLING CHOU EN-LAI, HAD FAITHFULLY CARRIED OUT MAO'S MILITARY LINE BY MAINTAINING STRONG CENTRAL CONTROL OVER THE NATIONAL BUDGET TO RAISE SUFFICIENT FUNDS TO DEFEND AGAINST THE SOVIET THREAT. THOSE OPPOSED TO THIS VIEW--THE CONFUCIANISTS, SURROGATE FOR LIN'S GROUP--ARE SAID TO HAVE ARGUED FOR A POLICY OF RAPPROCHEMENT WITH THE SOVIET UNION TO REDUCE THE COST OF DEFENSE SPENDING AND TO INCREASE THE INVESTMENT FOR AGRICULTURE.

2. OF PARTICULAR INTEREST IS THE FACT THAT THE RED FLAG ARTICLE ALSO SEEMS DESIGNED TO CORRECT THE AMBIGUITIES IN A SHANGHAI STUDY AND CRITICISM ARTICLE LAST DECEMBER WHICH DEALT WITH THE SAME IRON AND SALT DEBATE. THE SHANGHAI ARTICLE WAS FAR MORE DIFFUSED AS AN ANALOGY, NOT EVEN MENTIONING LIN PIAO OR THE SOVIET UNION. IT HAD, HOWEVER, INJECTED A "PRIME MINISTER" INTO THE DEBATE, DESCRIBING HIM AS A "TRICKY BUREAUCRAT" WHO HAD CLEVERLY REFUSED TO TAKE SIDES, THE SHANGHAI ARTICLE HAD ALSO STRESSED THE EXECUTION OF THE CENSOR WHO HAD BEEN LOYAL TO THE EMPEROR ON CHARGES OF PLOTTING A REVOLT. THE RED FLAG ARTICLE CONSIDERABLY SHARPENS THE FOCUS OF THE HISTORY LESSON AGAINST LIN PIAO AND THE SOVIET UNION, DROPS THE ALLUSION TO THE "TRICKY PRIME MINISTER" AND DOES NOT MENTION THE EXECUTION OF THE CENSOR WHO HAD BEEN LOYAL TO THE EMPEROR. SIGNIFICANTLY RED FLAG SAYS STRAIGHTFORWARDLY THAT READING ITS ARTICLE WOULD AID IN UNDERSTANDING WHY LIN PIAO WAS TRYING TO SELL OUT TO THE SOVIET UNION (REFAIR FOLLOWS).
CROSS

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